

**Guidelines for Development  
of  
Contract No. DE-AC02-05CH11231, Appendix B  
Performance Evaluation and Measurement Plan (PEMP)  
Fiscal Year 2009**

## **Purpose**

This guidance document is provided for use by PEMP Functional Team Leaders and Team Members from the Department of Energy Berkeley Site Office (BSO), the Lawrence Berkeley National Laboratory (LBNL), and the University of California Office of the President (UCOP) in developing the management and operations (M&O) Measures and Targets for the fiscal year 2009 (FY09) *Performance Evaluation and Measurement Plan* (PEMP) required under Prime Contract No. DE-AC02-05CH11231.

## **Background**

The PEMP is required by Prime Contract Clause H.14 – *Standards of Contractor Performance* – and is included in Appendix B. Pursuant to the Contract, BSO, LBNL, and UCOP representatives will review the PEMP annually and agree to necessary modifications. Nothing in this guidance document is intended to limit the DOE Contracting Officer's authority under Clause H.14 to unilaterally establish the evaluation process. BSO, LBNL, and UCOP will actively engage in annual and on-going discussions to confirm and mutually agree that the PEMP appropriately reflects the most current expectations against which performance is to be evaluated by the BSO Contracting Officer. The discussions addressed in this guidance document pertain to management and operations (M&O) Measures and Targets of the PEMP framework defined by DOE Office of Science (DOE-SC).

## **Performance Levels**

DOE-SC has implemented a standard methodology and process for evaluating DOE-SC Laboratory Contractors' performance. Consequently, DOE-SC has prescribed the eight Level 1 Goals set forth below and the corresponding Level 2 Objectives contained in the PEMP. Goals 1 through 3 will not have Measures and Targets and will be evaluated by DOE headquarters (DOE-HQ) at the Objective Level. Measures and Targets for Goals 4 through 8 will be agreed to by BSO, LBNL, and UCOP consistent with this guidance.

**Level 1, Performance Goal:** A general overarching statement of the desired outcome for each of eight major performance areas prescribed by the DOE SC, as follows:

### Science and Technology (S&T) Goals

1. Mission Accomplishment
2. Research Facilities
3. Research Management

### Management and Operations (M&O) Goals

4. Lab Leadership

June 27, 2008

5. ES&H
6. Business Systems and Other
7. Facilities Infrastructure
8. Safeguards & Security/Emergency Management

Level 2, Performance **Objective**: A statement of desired results for an organization or activity (e.g., Lab Leadership – Provide Distinctive Vision)

Level 3, Performance **Measure**: A quantitative or qualitative method for characterizing performance, reflecting achievement of the corresponding Objective.

- Measures should identify significant outcomes and/or milestones important to LBNL's success in fulfilling its mission.
- Routine deliverables that provide little inherent value, such as submitting required reports, are not appropriate measures of achievement.
- Activities that have significant impact or represent significant process improvements may be used as Measures, but should be expressed as milestones that demonstrate measurable outcomes.

Level 4, Performance **Target**: The desired condition, milestone, or target level of achievement for each Measure (objective or subjective as appropriate). Targets should be written at an appropriately detailed level to serve as a basis for performance assessment.

- Targets for each Measure should be developed to indicate the “expected” level of performance and, if fully met, should result in a B+ evaluation grade.
- As appropriate, quantitative Targets should be expressed as a range (e.g. 70% to 80%) and not an exact threshold (e.g. 75%).

## Performance Gradients

- Each Functional Team should develop a protocol document that includes scoring gradients; that is, how the parties will determine a “score” based on the work accomplished. If narrative descriptions for gradients are developed, it is sufficient to describe gradients for ranges of letter grades such as at the A- to A+, B- to B+, C- to C+, D, and F levels;
- Targets related to Balanced Scorecards should establish minimum thresholds for B+ performance. “A” range performance would be accomplished by demonstrating notable achievements or program/ process improvements not explicitly addressed in Balanced Scorecard measures.
- Generally, completing a Measure activity or milestone prior to a date specified in a Target should not be considered for an “A” gradient. An exception would be when completing an activity prior to the Target date provides significant value to LBNL and/or DOE.
- Generally, exceeding a threshold completion percentage specified in a Target should not be considered for an “A” gradient. An exception would be when exceeding the Target completion percentage provides significant value to LBNL and/or DOE.
- Notable achievements, program/ process improvements, and significant value are outcomes that result in improved performance, increased effectiveness, or greater efficiency.

PEMP Section I provides the following table as a DOE/ Office of Science standard for establishing gradients.

Letter Grade	Numeric Score	Definition
A+	4.3 – 4.1	Significantly exceeds expectations of performance as set within performance measures identified for each Objective or within other areas within the purview of the Objective. Areas of notable performance have or have the potential to significantly improve the overall mission of the Laboratory. No specific deficiency noted within the purview of the overall Objective being evaluated.
A	4.0 – 3.8	Notably exceeds expectations of performance as set within performance measures identified for each Objective or within other areas within the purview of the Objective. Areas of notable performance either have or have the potential to improve the overall mission of the Laboratory. Minor deficiencies noted are more than offset by the positive performance within the purview of the overall Objective being evaluated and have no potential to adversely impact the mission of the Laboratory.
A-	3.7 – 3.5	Meets expectations of performance as set within performance measures identified for each Objective with some notable areas of increased performance identified. Deficiencies noted are offset by the positive performance within the purview of the overall Objective being evaluated with little or no potential to adversely impact the mission of the Laboratory.
B+	3.4 – 3.1	Meets expectations of performance as set by the performance measures identified for each Objective with no notable areas of increased or diminished performance identified. Deficiencies identified are offset by positive performance and have little to no potential to adversely impact the mission of the Laboratory.
B	3.0 – 2.8	Most expectations of performance as set by the performance measures identified for each Objective are met and/or other minor deficiencies are identified. Performance measures or other minor deficiencies identified are offset by positive performance within the purview of the Objective and have little to no potential to adversely impact the mission of the Laboratory.
B-	2.7 – 2.5	One or two expectations of performance set by the performance measures are not met and/or other deficiencies are identified and although they may be offset by other positive performance, they may have the potential to negatively impact the Objective or overall Laboratory mission accomplishment.
C+	2.4 – 2.1	Some expectations of performance set by the performance measures are not met and/or other minor deficiencies are identified and although they may be offset by other positive performance, they may have the potential to negatively impact the Objective or overall Laboratory mission accomplishment.
C	2.0 – 1.8	A number of expectations as set by the performance measures are not met and/or a number of other deficiencies are identified and although they may be somewhat offset by other positive performance, they have the potential to negatively impact the Objective or overall Laboratory mission accomplishment.
C-	1.7 – 1.1	Most expectations as set by the performance measures are not met and/or other major deficiencies are identified which have or will negatively impact the Objective or overall Laboratory mission

Letter Grade	Numeric Score	Definition
		accomplishment if not immediately corrected.
D	1.0 – 0.8	Most or all expectations as set by the performance measures are not met and/or other significant deficiencies are identified which have negatively impacted the Objective and/or overall Laboratory mission accomplishment.
F	0.7 – 0	All expectations as set by the performance measures are not met and/or other significant deficiencies are identified which have significantly impacted both the Objective and the accomplishment of the Laboratory mission.

**Each protocol document must be reviewed by the PEMP Steering Committee. This process should occur simultaneous with draft and final Measure and Target review and approval.**

## **Roles and Responsibilities**

### Functional Teams

For each of the M&O Goals, a Functional Team will develop Measures and Targets for Steering Committee approval. Each Functional Team includes, at a minimum, a Team Leader from BSO, LBNL, and UCOP and a representative from the LBNL Office of Institutional Assurance (OIA).

For PEMP Goal 6, Business Systems, Functional Teams are formed at the Objective level in the following functions:

- Financial Management;
- Procurement;
- Property;
- Human Resources;
- Internal Audit;
- Information Management;
- Technology Transfer.

The Functional Teams will:

- Discuss and reach initial agreement on Measures and Targets;
- Provide Measures and Targets to BSO for consolidation into a draft PEMP for Steering Committee review and feedback in preparation for submission to DOE SC Headquarters review;
- Address Steering Committee comments as appropriate to finalize Measures and Targets;
- Identify changing circumstances, including important issues and DOE initiatives specific to their function, that may require annual or periodic modification to Measures and Targets;
- Develop and maintain an protocol document (i.e., Performance Assessment Model or other) for their function;
- Propose modifications to the PEMP through the Change Control Process described below;
- Conduct quarterly PEMP review activities, including holding quarterly meetings, preparing summary briefs, and reporting progress to BSO, LBNL, and UCOP senior management.

June 27, 2008

## Functional Team Leaders

BSO, LBNL, and UCOP will each designate a Functional Team Leader for each M&O Goal (and at the Objective Level for Goal 6, Business Systems). The Functional Team Leader will:

- Manage the Functional Team negotiation process for their respective organization;
- Facilitate communication between the Functional Team and Steering Committee, including elevating issues for resolution (as appropriate).

The LBNL Functional Team Leader will:

- Schedule and lead the Functional Team meetings;
- Modify the documentation of Measures and Targets as a result of negotiations and provide the updated documentation to all Functional Team members in time for future negotiations; and
- Submit the final Measures, Targets and associated protocol documents to the Steering Committee.

A copy of the matrix that identifies the M&O Functional Team Leaders is included in the attached table.

## PEMP Steering Committee

A PEMP Steering Committee composed of senior management representatives from BSO, LBNL, and UCOP will provide guidance for developing M&O Measures and Targets to Team Leaders from each of the respective organizations. The Steering Committee will:

- Ensure that a well-coordinated and integrated PEMP is developed and maintained, including annual and periodic modifications as needed;
- Champion Measures and Targets that add value, provide for continuous improvement, and address the most critical performance expectations of DOE;
- Provide guidance for developing Measures and Targets and take appropriate actions to enhance the process as required;
- Provide a development schedule with milestones that will meet DOE SC and Contract Assurance Council (chaired by the UC Vice President for Laboratory Management) review requirements for the draft and final PEMP;
- Resolve Functional Team negotiation stalemates. For expediency, issues may be resolved directly by the BSO Contracting Officer and LBNL Chief Operating Officer.
- Review draft and final FY08 PEMP (including protocol documents) prior to submittal to DOE-HQ.

## **Change Control**

Measures and Targets at the B+ (Meets Expectations) level are included in the PEMP, which is formally incorporated into Contract DE-AC02-05CH11231 as Appendix B. Any changes to the language for Measures and Targets included in the PEMP will require formal modification to the Contract. Functional Teams or others may propose such changes to the Steering Committee for review, approval, and submission to the DOE and UC contracting officials for formal Contract modification. Care should be taken to ensure that Measures and Targets are not inadvertently changed through informal discussions without implementing a formal Contract change. Such a

misunderstanding could have an adverse impact on the final performance rating. When in doubt, consult your respective OIA contact for advice.

BSO, LBNL, and UCOP Functional Team Leaders will concur on any changes to protocol documents. Significant changes to protocol documents also require Steering Committee approval. All revised protocol documents require that a new concurrence signature page is executed and transmitted to LBNL OIA for posting on the appropriate web page.

### **Calendar of Activities**

Early June	DOE-SC sends FY09 PEMP goals, objectives, and guidance to BSO
June 19	BSO sends draft FY09 PEMP changes to LBNL, UCOP
June 27	Meeting of all PEMP Functional Team Representatives, Functional Team Members, and Office of Institutional Assurance to commence FY09 negotiation process
June 27 - July 23	PEMP Functional Teams negotiate FY09 PEMP Measures, Targets and associated protocol documents
July 25	PEMP Steering Committee reviews FY09 PEMP Measures, Targets, and associated protocol documents
July 28-31	PEMP Functional Teams address PEMP Steering Committee concerns/ issues
August 1	BSO submits draft FY09 PEMP to DOE-SC
August 29	DOE-SC provides feedback and corrective actions required for approval of FY09 PEMP
September 2-11	PEMP Functional Teams address DOE-SC comments, finalize FY09 Measures, Targets, and associated protocol documents
September 12	PEMP Steering Committee reviews final FY09 PEMP
September 15	BSO submits final FY09 PEMP to DOE-SC for final approval
October 1	FY09 Appendix B PEMP officially part of C31

<b>LBNL Performance Assessment FY09</b> <b>Functional Managers</b>				
<b>Functional Manager</b>	<b>BSO</b>	<b>LBNL</b>	<b>UCOP</b>	<b>OIA Contact</b>
<b>Goal 4 Provide Sound and Competent Leadership and Stewardship of the Laboratory</b>	Aundra Richards	John Chernowski	Buck Koonce	John Chernowski
<b>Goal 5 Sustain Excellence and Enhance Effectiveness of Integrated Safety, Health, and Environmental Protection</b>	Mary Gross Joanne Lorence	Howard Hatayama	Buck Koonce	Michelle Flynn
<b>Goal 6 Deliver Efficient, Effective, and Responsive Business Systems and Resources that Enable the Successful Achievement of Laboratory Missions</b>	See below (established at Objective level)	See below (established at Objective level)	See below (established at Objective level)	See below (established at Objective level)
6.1. Provide an Efficient, Effective, and Responsive Financial Management System	Doug Low	Michele Mock	Jim Hirahara	Ira Nishibayashi
6.2. Provide Efficient, Effective, and Responsive Acquisition Systems	Maria Robles	Derrol Hammer	Jim Hirahara	Ira Nishibayashi
6.3. Provide an Efficient, Effective, and Responsive Property Management System	Maria Robles	Derrol Hammer John T. Morgan	Jim Hirahara	Ira Nishibayashi
6.4. Provide an Efficient, Effective, and Responsive Human Resources Management System	Chuck Marshall	Cynthia Coolahan	Jim Hirahara	Melanie Gravois
6.5. Provide Efficient, Effective, and Responsive Management Systems for Internal Audit and Oversight; Quality; Information Management; and Other Administrative Support Services as Appropriate	See below	See below	See below	See below
Internal Audit and Oversight	Paul Sibal	Terry Hamilton	Jim Hirahara	Ira Nishibayashi
Information Management	Donna Spencer	Adam Stone	Buck Koonce	Ira Nishibayashi
6.6. Demonstrate Effective Transfer of Technology and Commercialization of Intellectual Assets	Gary Drew	Cheryl Fragiadakis	Bill Eklund	Melanie Gravois
<b>Goal 7 Sustain Excellence in Operating, Maintaining, and Renewing the Facility and Infrastructure Portfolio to Meet Laboratory Needs</b>	Barry Savnik	Jennifer Ridgeway	Buck Koonce	Michelle Flynn
<b>Goal 8 Sustain and Enhance the Effectiveness of Integrated Safeguards and Security Management (ISSM) and Emergency Management Systems</b>	Rodney Royster	Dan Lunsford	Buck Koonce	Melanie Gravois